VZCZCXRO6304 PP RUEHFL RUEHKW RUEHLA RUEHNP RUEHROV RUEHSR DE RUEHAK #0201/01 0401341 ZNY CCCCC ZZH P 091341Z FEB 09 FM AMEMBASSY ANKARA TO RUEHC/SECSTATE WASHDC PRIORITY 8716 INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE RUEHIT/AMCONSUL ISTANBUL 5351 RHMFISS/EUCOM POLAD VAIHINGEN GE RUEAIIA/CIA WASHDC RHEFDIA/DIA WASHDC RUEKJCS/JOINT STAFF WASHDC//J-3/J-5// RHEHAAA/NSC WASHDC RUETIAA/NSACSS FORT GEORGE G MEADE MD RUEUITH/ODC ANKARA TU RUEKJCS/SECDEF WASHDC RUEUITH/TLO ANKARA TU RUEHAK/TSR ANKARA TU RUEHAK/USDAO ANKARA TU

C O N F I D E N T I A L SECTION 01 OF 03 ANKARA 000201

SIPDIS

E.O. 12958: DECL: 02/02/2019

TAGS: OSCE PGOV TU

SUBJECT: KAYSERI AND NEVSEHIR: AKP SEES EASY WINS -- AGAIN

Classified By: POL Counselor Daniel O'Grady, for reasons 1.4 (b,d)

11. (C) Summary: The governing Justice and Development Party (AKP) sees little threat to its incumbent mayors in Nevsehir and Kayseri, two provinces largely representative of central Anatolia. Even the main opposition Republican People's Party (CHP) has accepted that it has little chance to make gains in the region. However, there are signs that the global economic downturn is beginning to hit the Turkish heartland, which may depress AKP's vote share below its high-water mark in the last general elections. End summary.

PROVINCES THAT ASPIRE

(C) Kayseri and Nevsehir are two socially conservative provinces sitting on the edge of Cappadocia, a starkly beautiful steppe-land that drew Christian refugees from Roman persecution and continues to draw tourists interested in both ancient history and breathtaking scenery. Formerly insular and wary of strangers, the provinces recently have embraced contact with outsiders -- both foreign tourists and other Turks coming to the region for school, work, or recreation -and aspire to a more prominent role in Turkey and in world events. Erciyes University, for instance, was established in Kayseri 30 years ago and currently enrolls 30,000 students. According to its vice rector, Prof. Mustafa Cetin, it has quickly emerged as a medical powerhouse, becoming Central Anatolia's medical center and approaching the large universities in Istanbul and Ankara in research and educational achievements. Erciyes also has a new "technopark" where students engage in engineering and technological research supported by Turkish businesses. Both Nevsehir and Kayseri show signs of continual development, with construction sites interspersed among shiny new buildings and broad, relatively straight roads. Kayseri hopes that its new 15,000-person capacity sports stadium will be finished in time to be the venue for President Abdullah Gul, a native son, to host his Armenian counterpart at the Armenia-Turkey World Cup qualifying soccer game in October.

NO WORRIES FOR AKP

^{13. (}C) All AKP officials with whom we met January 28 and 29 brimmed with confidence that Kayseri and Nevsehir would be easy wins for their incumbents, noting the successes they have had in developing the two provinces and their ambitious future plans. AKP's Kayseri provincial chairman, Mahmut

Cabat, and his vice-chairman, Aykut Iltekin, pointed out that AKP's share of the vote in 2004 was 70 percent. They expect no decline in March. Though they admit AKP is vulnerable on the economy, they point out that neither the Republican People's Party (CHP) nor the Nationalist Action Party (MHP) are proposing viable alternatives to the economic projects AKP has implemented or planned. They also predicted that the economic crisis would have a lesser impact on Kayseri because the locals, being conservative Muslims and risk-averse, depend less on loans and credits for their investments than in the rest of Turkey.

14. Serdar Altintug, the acting mayor of Kayseri, was less rosy about the impact of the economic downturn on Kayseri's industrial sector. However, the municipality initiated a program of vocational training, which would make the unemployed more competitive in a tighter employment market, and increase productivity in the firms that eventually hire them. He also elaborated on plans to turn Kayseri into a year-round tourist venue: The vast majority of tourists come to Cappadocia in the summertime, but additional development of the ski area on the face of nearby Mount Erciyes, and additional hotel investment in the city, is intended to increase capacity in the winter. The province is also trying to attract campers, mountain climbers, bird-watchers in spring and autumn. Such an approach would provide more opportunities for growth and would distribute the risk of a bad tourist season over a full year. Finally, he noted that Kayseri's light rail system would be completed in a few months, increasing Kayseri's capacity to handle tourists.

ANKARA 00000201 002 OF 003

15. (C) AKP officials in Nevsehir were no less confident. Mayor Hasan Unver boldly stated that Turkey's 2001 economic reforms (Note: These were enacted under the left-right coalition that preceded AKP's first government. End note.) were sufficient to allow Turkey to weather the global economic storm. "Otherwise," he claimed, "we would be bankrupt by now, like Iceland." He was confident that his accessibility and closeness with the people of Nevsehir would allow him to build on the 49 percent with which he was elected in 2004. AKP's provincial organization president, Ersan Erkut, enumerated the development projects AKP has brought to Nevsehir: a double-lane highway, natural gas, two bridge crossings, mass housing construction, the soon-to-be-completed bus terminal, and a tender for a 300-bed hospital. Though he accepts people are worried about their jobs, he claims they are aware that the economic shock was not created by the AKP, but instead that AKP's national economic policy has helped dampen its effects. As a result, his organization is aiming high, setting a goal of 65 percent of the votes.

ECONOMY IS AKP'S POTENTIAL WEAKNESS

16. (C) The opposition CHP leadership in both provinces conceded that they have an uphill battle in the coming local elections, but pointed to the economy as AKP's main vulnerability. Bulent Yumur, CHP's provincial chair, emphasized that the agriculture and tourism industries are hurting, and that Nevsehir does not have a robust industrial base to provide jobs. He said that 750 shops closed in the city in the past year, along with the factory that produced Turkey's national liqueur, the anise-flavored raki. Soon the wine factory would follow. Unemployment is a major problem, particularly among youth. CHP will run, in part, on an industrialization platform focusing on processing of raw materials. He asked why Nevsehir's potatoes should be exported to be turned into potato chips, when Nevsehir could build its own potato processing factory and export the finished product while at the same time employing more locals. Enver Ozdemir, the CHP provincial chairman in Kayseri also noted areas where AKP has planned wastefully. For example, the AKP mayor encourages the building of

shopping areas. But, because AKP has focused on high-profile shopping malls, the result is not real development, because each new mall puts the shops in the previous one out of business. Ozdemir is also baffled as to why there are no snow machines supporting the ski runs on Erciyes, stating that under current conditions, a poor snowfall would cripple the tourism industry.

 $\underline{\mathbf{1}}$ 7. (C) All the AKP politicians we met argued that the economy will not be a deciding factor in the elections. noted that the global economic crisis is being felt in Nevsehir, but claim that the voters recognize that the crisis is not Ankara's fault, and that the AKP government's reforms have actually helped shelter Turkey from the downturn. Nonetheless, our business contacts are clearly feeling the pain. Fide Postaagasi -- a restaurateur whose restaurant was the first to open in Kayseri and which has grown to include six locations including in Istanbul and Izmir -- complains that she had to lay off 30 workers throughout her chain, and that her business is "shrinking." Irfan Basyazicioglu, a former politician who, as an animal feed and egg magnate is also Vice President of the Kayseri Chamber of Industry, is also feeling the pinch, noting that his animal feed and egg exports to the Balkans have completely stopped, and redirecting exports to Iraq has only made up a portion of the loss in trade. The Dean of Tourism and Commerce at Nevsehir University pointed out that the effect of the economic downturn's on tourism -- a major source of income for the area -- has not been felt yet, and the region could be in for a rude awakening this summer if the number of visitors is down significantly.

COMMENT

18. (C) Nevsehir and Kayseri are almost certainly safe seats for AKP's incumbent mayors. The comments of our business

ANKARA 00000201 003 OF 003

contacts show discomfort and uncertainty about Turkey's economic future, but these uncertainties are not yet manifesting themselves in political terms. The local CHP chapters' strategies are unimaginative and uninspiring. Competition on the right -- from the Nationalist Action Party (MHP) and Saadet Party (SP) -- also appears weak. But the opposition and national press are looking at AKP's vote percentage over the whole nation for signs that the party is losing the confidence of the people. AKP outdoing its previous success in Central Anatolia will be key in counterbalancing potential losses in the Kurdish Southeast and large cities.

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